growth energy™
America's Ethanol Supporters

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June 26, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
House Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
House Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Tiberi, and Ranking Member Neal:

Thank you for allowing us to submit a statement for the record to your hearing on expiring tax provisions. We appreciate the opportunity to comment.

Growth Energy is an association of the nation's leading ethanol producers and supporters. We represent 75 American biorefineries that produce over 4 billion gallons of ethanol annually. Overall, America's ethanol industry sustains $50 billion in economic activity, supporting more than 400,000 jobs in 29 states by creating nearly 14 billion gallons of American-made, renewable fuel in more than 200 plants across the country.

American ethanol stands ready to add even more jobs and economic activity with the right blend of tax and regulatory certainty. We ask that Ways and Means Committee support efforts to expand market access – like tax credits for Flex Fuel pumps and cellulosic ethanol – and oppose efforts that will limit market access, such as blocking the implementation of E15 and dismantling the Renewable Fuel Standard (RFS).

In particular, we seek tax policy that incentivizes consumer choice at the pump. Right now, the distribution of liquid transportation fuels is a captive market, controlled by the oil industry. Flex Fuel pumps give the consumer a true choice at the pump by allowing them to choose between more affordable, cleaner, American made ethanol, or costlier, dirtier, foreign oil.

We would ask the Committee to extend and modify the Alternative Fueling Infrastructure Tax Credit. This tax credit helps cover the cost of alternative fueling equipment, including Flex Fuel pumps. This important credit expired at the end of 2011, and we would ask for a multi-year extension to provide certainty for future investment. Further, we would ask the Committee to change the treatment of ethanol, giving Flex Fuel Pumps the same treatment as E85 pumps. This tax incentive does not go to the ethanol industry; rather, it goes to fuel retailers and helps them finance upgrades and changes to their filling stations to offer customers a choice at the pump.

Ethanol is not the only alternative fuel that qualifies for this credit. In essence, this credit is technology neutral. Other alternative fuels that qualify for this credit are those from natural gas, liquefied petroleum gas, hydrogen, electricity, E85, or diesel fuel blends containing a minimum of 20% biodiesel. The credit had covered up to 30% of the installation cost, not to exceed $30,000.

Second, we would ask the Committee to approve a long-term extension of the Cellulosic Ethanol Tax Credit. Extending the cellulosic credit will jump-start ethanol production from new feedstocks. This will give high-tech ethanol firms the business certainty needed to expand ethanol made from things like corn stover, switchgrass and municipal waste. The tax credit will further development of cellulosic ethanol and could create new jobs in every state in the country – even outside of the traditional corn-belt.

We are very much aware that in the current fiscal environment, tough choices may be required. We would note that Growth Energy was the first to voluntarily recommend an end to the Volumetric Ethanol Excise Tax Credit, or VEETC. This had been the most recognized energy tax policy affecting the ethanol industry expired at the end of last year and we are not seeking the VEETC's renewal.

In closing, we are seeking tax policy to give consumers a choice at the pump. Right now, ethanol is a more affordable motor fuel than regular gasoline, and with the ability to compete head to head, we feel ethanol will win. However, we lack access to consumers. Extending these tax incentives will allow the ethanol industry to compete on a level playing field, create in the market and offer the opportunity for good paying jobs in small communities and rural areas across the country.

Sincerely,

Tom Buis
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